

APPENDIX A

CASH VERIFICATIONA101 CASH VERIFICATION TEAM PROCEDURES

A10101. Nature and Time of the Verification. At least once during each calendar quarter the cash verification team shall conduct a surprise verification of the cash and other assets under the cash accountability of the DO. The cash verification team shall insure that the DO and his or her agents are not given advance notification of the intent to conduct the verification either formally or informally. The scheduling of the verifications should be determined in random fashion to insure they do not predictably fall during a particular time period each quarter. If an audit of the DO's accountability by transfer of account, Component investigative, or audit agencies has been conducted during any given quarter, the commander may elect to omit the cash verification for that quarter.

A10102. Verification Procedures

A. General. Immediately upon arrival, the cash verification team shall present a copy of their letter of appointment and assume control over all cash and other assets in the DO's cash accountability. If access is refused, the verification team leader shall notify the commander immediately. Each custodian of public funds shall prepare a DD Form 2665 and the DO shall prepare a DD Form 2657 as for the close of business of that day and turn it over to the cash verification team. At this time no further business may be conducted by any custodian of public funds until the cash verification team has completed the count of that custodian's funds. Normally, the duty cashier's funds are the first to be verified in order to minimize the impact on disbursing operations. It is therefore not practical to conduct the cash verification on days involving unusually high volumes of disbursing transactions.

B. Cash and Other Assets. All vaults, safes, security containers, and cash drawers housing cash or other assets shall be secured and the contents thereof shall be inventoried by actual count in the presence of the person ac-

countable for their safekeeping. If the commander determines that it is not practical to inventory the funds in the possession of some of the DO's agents because of inaccessibility or geographic separation, the cash verification team shall verify the amounts shown on custody receipts by telephone with the accountable person; by examination of the permanent file of cash verifications and certification held by the disbursing office; or by any other means available in order to complete the cash verification process and make note of the limits to their verification in their report. However, if agent cash accountability is not physically verified at the time the DO's cash accountability is verified, no quarterly verification of agent cash is considered to have been made. Documents representing unvouchered expenditures shall be verified further by determining that checks were issued to the designated payee, or that the signature on cash receipts is authentic. Undeposited checks shall be examined to insure that they are negotiable instruments the DO has been authorized to exchange for cash; that they are not dated more than 10 days prior to the cash verification date; and that checks received as collections are kept apart from those checks received in accommodation exchange transactions.

C. Authorizations and Records. Blank checks, both working stock and bulk storage, shall be inventoried to insure that all check issues have been properly reported. Where roll stock of blank checks are used, the inventory shall be conducted by recording the ending number from the reels and not by unrolling of the reel which may destroy the stock. Voided and spoiled checks held by the DO pending local destruction shall be examined to insure they are properly defaced and stored in authorized containers. Undelivered checks shall be inventoried to insure that: none are missing; none exceed the time limit to be held; and, all are properly safeguarded. Amounts of cash held at personal risk by the DO and his or her agents shall be compared to the authorization to hold such cash by the commander.

D. Imprest Funds and Change Funds.

All imprest funds and change funds shall be verified at least once each quarter by members of the cash verification team. Verification of imprest fund cashier and change fund custodian cash may be simplified by appointment of an individual (rather than a team) to do the applicable cash verification. The verification shall be accomplished by totalling all receipts and counting all cash to prove the total shown on the cash receipt held by the DO. Any receipts for cash advanced by the imprest fund cashier more than five days old shall be investigated and commented on in the cash verification report if not redeemed before the report is issued. All change funds shall be certified as being intact in writing by the accountable individual at the time of the cash verification. The verification of change funds shall consist of verifying that the cash drawer contains the amount of the change fund, after deducting any sales proceeds or receipts. Verifications of both imprest fund cashiers and change fund cashiers shall insure that none of the change fund consists of personal checks from the cashier, any of the cashier's supervisors, or the individual charged with accountability for the change fund.

★ **E. DD Form 2657, Daily Statement of Accountability.** After proving all the entries for cash and other assets by the preceding verifications, the cash verification team shall insert the following statement on (or attach to) the DD Form 2657:

"On (date) at (time), the undersigned verified by actual count cash in the amount of \$_____, together with all documents held supporting collections and disbursements, which (is)/(is not) in agreement with this daily statement of accountability.

Signature and Rank of Verifying Official"

F. Safekeeping Deposits. Immediately after the verification of the DO's cash accountability, the cash verification team shall verify all safekeeping deposits and the postal stamp funds (if applicable) with established procedures contained in chapter 27 of this Volume.

G. Report of Verification. The cash verification team shall report its findings in

writing to their appointing official immediately on completion of verification of both official funds and safekeeping deposits. The report shall be prepared in original and three (3) copies. The original shall be forwarded to the appointing official. If the appointing official is not the commander of the DO, the report shall be addressed jointly to the appointing official and the commander of the DO so that both receive an original of the verification report. The first copy of the verification report shall be forwarded to the DO, the second copy shall be forwarded to the DFAS Center serving the DO and the third copy shall be retained by the cash verification team in a permanent file. The verification report shall contain: the date the verification was conducted; the date of the preceding verification; a statement as to whether or not safe combinations have been changed as required and the dates of the last changes; the identity of each person holding cash under the DO's cash accountability that was not verified by actual count, the amount of cash each held, and the method of contact made with each custodian, if any contact was made; a statement as to whether or not the verified cash accountability of the DO agrees with the DD Form 2657 cash and other assets totals; a list of undeposited checks containing a description of those not handled as prescribed by this Volume; a statement as to whether or not the DO is taking timely action to clear debit vouchers, check issue discrepancies, check issue reporting gaps, double payments, forgery recoveries through the banks, and reissue of limited payability check cancellations; and, a statement as to whether or not safekeeping deposits verified agree with safekeeping deposit records. The cash verification team shall follow-up during the next quarterly cash verification to ensure that deficiencies noted in the previous cash verification report have been corrected by the DO and report the results to their appointing official in the form required by that official. The senior member of the cash verification team shall insure that all rough working papers and correspondence pertaining to the cash verification is maintained as a permanent part of the cash verification teams' records.

A102 CASH VERIFICATION TEAM CHECK-OFF LIST

A10201. The senior member of the cash verification team shall inform the DO's immediate

supervisor of their arrival to conduct the surprise verification of cash and other assets.

A10202. Secure all accessible safes holding DO cash accountability items until their contents can be verified.

A10203. If ATMs are operated by the DO, direct the DO to conduct a full "end-of-session" with the ATM system before the actual cash count of ATM currency is conducted.

A. The DO or the ATM agent shall remove all canisters, whether empty or loaded, and deliver them to the disbursing office for the cash verification team.

B. Use the ATM end-of-session reports to balance the ATM system. Require the ATM agent or DO to complete DD Form 2672, ATM Cash Balance Sheet for each ATM terminal. The DD Form 2672 will reconcile the funds remaining in the ATM terminal to the original amount loaded in the terminal and the amount of funds withdrawn from the terminal. The end-of-session reports will show how much was dispensed by each terminal. If the DD Forms 2672 and the end-of-session reports agree, the ATM terminal is in balance. Complete the identical process for each ATM terminal and the ATM system is in balance.

C. Require the DO to prepare the vouchers covering ATM transactions since the preceding end-of-session and post them to the financial records.

D. The DO's cash balance on the DD Form 2657 shall be the sum of the cash in the DO's safe or vault, receipts for funds in the custody of his or her agents, and the ATM account balance from the end-of-session.

E. Insure DD Form 2670, Automated Teller Machine (ATM) Ledger is properly maintained and in balance.

F. Insure that ATM passwords and ATM safe combinations are changed every six months as required.

G. Insure that ATM cards and personal identification numbers are properly safe-

guarded and that ATM accounts are being closed when the account holder is transferred.

H. Review all closed and dormant ATM accounts for audit. Closed accounts shall not be deleted from the system for 30 days. After 30 days, if no funds are in these accounts, they shall be deleted from the system. If funds are still in these accounts after 30 days, adjustment action shall be taken to refund the balance to the account holder.

A10204. Require the DO to balance the DD Form 2657 and make a list of items due the U.S. Government that are included in the balance.

A10205. Commence the actual count of currency and other assets.

A. Cash

1. Count all currency and coin in the presence of the individual accountable for the asset.

2. Count all items representing cash, including exchange-for-cash checks, in the presence of the individual accountable for the asset.

3. Verify the cash and receipts held by agents in the disbursing office equals the receipts signed by those agents and held by the DO.

4. Count all negotiable instruments representing cash held by the DO awaiting deposit.

B. Other Assets

1. Review and total all receipts for cash held by agents of the DO who are located outside the disbursing office.

2. Review and total all SFs 215 for which both the memorandum and agency copies are held, indicating that the deposit has not been confirmed, and require the DO to commence tracing items over three weeks old as lost in transit deposits.

3. Review the SFs 5515 and the associated dishonored checks and require the DO

to commence collection from the drawers of the dishonored checks.

4. Review documents for un-vouchered expenditures and money lists.

5. Review exchange-for-cash checks in transit.

6. Review FMS Forms 5206 representing overdrafts and underdrafts.

7. Review actions on previously reported losses of funds.

8. Verify bank statements and balances of foreign currency held in limited depositary checking accounts.

9. Verify by actual count the amount of foreign currency against the subsidiary records and the foreign currency reports.

A10206. Review the vouchers supporting gains and losses on foreign currency transactions.

A10207. Verify safekeeping deposits, postal funds, postage stamp stock, and postal money order stock, if applicable.

A10208. Review the DO's compliance with the provisions of this Volume for cashing personal checks and the collection of dishonored checks.

A10209. Insure that checks representing collections are properly identified and supported by collection vouchers so that dishonored personal checks received as collections may be charged back to the receiving activity and are not held as losses due to accommodation exchanges carried out by the DO.

A10210. Examine previous cash verification reports and insure that deficiencies being reported a second time in the current cash verification report are noted as serious conditions and advise the commander of action necessary to immediately remedy the deficiencies of the DO.

A10211. Review DD Form 2658, Returned and Undeliverable Check/Bond Record maintenance and DO's attempts to make delivery of checks within the prescribed 60 day holding period.

A10212. Compare military payroll vouchers and money lists with related pay accounts to ensure payments are posted to the member's account.

A10213. Verify all undeposited checks in relation to the prescribed frequency and timeliness of deposits.

A10214. Review all letters of authorization to hold cash at personal risk to ensure that cash held is commensurate with needs and in compliance with the letters of authorization.

A103 FINALIZATION

A10301. Verify totals from the above reviews with the amounts reported on the DD Form 2657.

A10302. Notify the DO's immediate superior and the commander of any deficiencies and advise them that a written report shall be prepared.

A10303. All members of the cash verification team shall sign and certify the results of the cash verification on the DD Form 2657 or a paper attached to the DD Form 2657.

★A10304. Distribute the original of the cash verification report to the appointing commander, a copy to the DO, and retain a copy for the cash verification team records.